

BEFORE

THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 90-287-W/S - ORDER NO. 91-367 ✓

MAY 17, 1991

IN RE: Application of TCU, Inc. for Approval)
of a New Schedule of Rates and Charges) ORDER APPROVING
for Water and Sewer Service Provided) RATES AND CHARGES
to Tega Cay, South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed by TCU, Inc. (the Company or TCU) on November 21, 1990, for an increase in its rates and charges for water and sewer service provided to its customers in Tega Cay, South Carolina. The application was filed pursuant to S.C. Code Ann. 58-5-240 (Supp. 1990) and R.103-821 of the Commission's Rules of Practice and Procedure.

By letter dated December 7, 1990, the Commission's Executive Director instructed the Company to publish a prepared Notice of Filing, one time, in a newspaper of general circulation in the area affected by the Company's application. The Notice of Filing indicated the nature of the Company's Application and advised all interested parties of the manner and time in which to file appropriate pleadings. The Company submitted an affidavit indicating that it had complied with this instruction.

The Company was also instructed to directly notify all customers affected by the proposed rates and charges. By letters dated January 8 and 11, 1991, the Company indicated that it had served a copy of the Notice of Filing on all customers affected by the rates and charges proposed in its application. Petitions to Intervene were filed on behalf of Steven W. Hamm, the Consumer Advocate for the State of South Carolina (the Consumer Advocate), the City of Tega Cay (the City), Albert K. Stebbins, III, Carol D. Higgins, Anthony Tarulli, and the Property Owners' Association of Tega Cay (the Association).

The Commission Staff (Staff) made on-site investigations of the Company's facilities, audited the Company's books and records, and gathered other detailed information concerning the Company's operations. The Consumer Advocate and the City also conducted discovery relating to the Company's Application.

On March 25, 1991, the Commission held a night hearing in Tega Cay. This hearing permitted members of the Tega Cay community to express their views, under oath, as to the Company's proposed rate increase. Seventeen people testified at the night hearing.

On April 18 and April 25, 1991, a public hearing concerning the matters asserted in the Company's application was held in the Commission's hearing room. Pursuant to S.C. Code Ann. §58-3-95 (Supp. 1990), a panel of three Commissioners, Commissioner Bowers, Commissioner Yonce, and Commissioner Mitchell, was designated to hear and rule on this matter. Mitchell M. Willoughby, Esquire, and Alvis J. Bynum, Jr., Esquire, represented the Company; Carl F.

McIntosh, Esquire, represented the Consumer Advocate; and Joseph R. McCrorey, Esquire, represented the City. Mr. Stebbins represented himself; Ms. Higgins represented herself; and Mr. Tarulli represented himself. Gayle B. Nichols, Staff Counsel, represented the Commission Staff. The Association was not represented by counsel.¹ Joe Ferris, Sheldon J. Berman, and Edward R. Oppel presented testimony on behalf of TCU. Philip E. Miller presented testimony on behalf of the Consumer Advocate. Edgar S. Weaver and Michael B. Burkhold testified on behalf of the City of Tega Cay. Albert K. Stebbins testified on his own behalf. D. Joe Maready, an Accountant with the Administration Division of the Commission, and Charles A. Creech, Chief of the Water and Wastewater Department of the Commission, presented testimony on behalf of the Commission Staff. Carol D. Higgins, Anthony Tarulli, and the Association did not present any testimony.

At the beginning of the hearing the Commission heard statements from Protestant Stewart L. Gamble and TCU customers Ray Martinez and Stephen Hamilton.² The Commission also heard a statement from Lenox Bramble, Director of York County Public Works. During the hearing Representative Becky Meacham also made a statement concerning the proposed increase.

Upon full consideration of the Company's application, the

1. Ms. Betty Worrell, President of the Association, was present at the hearing.

2. Although the Commission received a Notice of Protest from Cynthia M. Reid, Ms. Reid did not appear at the hearing.

evidence presented at both hearings, and the applicable law, the Commission makes the following findings of fact and conclusions of law:³

FINDINGS OF FACT

1. TCU is a wholly-owned subsidiary of Tega Cay Development, Incorporated. TCU has five sister companies, Tega Cay Marina, Tega Cay Recreation, Inc., TCX, Inc., TC 126, Inc., and TC 22, Inc. TCU has four (4) of its own employees; it shares administrative employees with Tega Cay Marina and Tega Cay Recreation.

2. TCU provides water and sewer service to 1,106 customers in Tega Cay, South Carolina.

3. TCU's present rates and charges were approved by Order No. 84-739, in Docket No. 83-502-W/S (September 25, 1984).

4. TCU's proposed water rates would increase the monthly Basic Facility Charge from \$6.00 to \$11.00, per single family equivalent, and would increase the monthly commodity charge from \$1.50 to \$3.50 per 1,000 gallons.⁴ These proposed rates and charges would increase an average residential customer's monthly bill by \$18.54, or 115%. These proposed rates and charges would increase TCU's two commercial customers with single family

3. The arguments presented by Mr. Tarulli and Mr. Stebbins are, for the most part, subsumed in the arguments of the Consumer Advocate and the City. Therefore, unless specifically noted, the Commission will include these two intervenors' arguments in its consideration of the arguments presented by the Consumer Advocate and the City. Neither Ms. Higgins nor the Association presented any testimony, cross-examined any witnesses, or submitted briefs.

4. Order No. 84-739 did not approve a rate for commercial customers.

equivalents in excess of one (1) as follows:

Tega Cay Clubhouse

<u>Average Consumption</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
94,433	\$147.65	\$398.17	\$250.52	170%

Tega Cay Marina

<u>Average Consumption</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
11,008	\$22.51	\$49.53	\$27.02	120%

5. TCU also proposes to increase its water tap fee from \$300.00 to \$600.00, to increase its reconnection fee from \$25.00 to \$40.00, and to increase its customer account charge from \$20.00 to \$30.00. TCU seeks a \$100 charge per fire hydrant per year and states that the \$3.50 commodity charge will apply to water used by each fire hydrant.

6. TCU's proposed sewer rates would increase from a flat rate of \$14.00 per month to a flat rate of \$31.00 per month for a residential customers. TCU proposes a flat monthly sewer charge of \$31.00 for commercial customers per single family equivalent.⁵ These proposed rates would increase a residential customer's monthly bill by \$17.00, or 121%. The proposed rates would increase the rates of TCU's two commercial customers who have single-family equivalents which are greater than one (1) as follows:

5. Order No. 84-739 did not provide a sewer rate for commercial customers.

Tega Cay Clubhouse

<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>\$</u> <u>Increase</u>	<u>%</u> <u>Increase</u>
\$14.00	\$1,515.13	\$1,501.13	10,722%

Tega Cay Marina

<u>Present</u> <u>Bill</u>	<u>Proposed</u> <u>Bill</u>	<u>\$</u> <u>Increase</u>	<u>%</u> <u>Increase</u>
\$14.00	\$106.95	\$92.95	664% ⁶

7. TCU also proposed to increase the sewer tap fee from \$250.00 to \$1,200.00 and to increase the reconnection fee from \$25.00 to \$250.00 per 26 S.C. Regs.103-532.4 (Supp. 1990).

8. TCU asserts that its requested increase in rates and charges are necessary and justified because it is currently losing money on its water and sewer operations. TCU contends that the increased rates are also necessary because of the increased cost of operations and capital improvements, such as installation of a new sewer plant and outfall lines, it has made in order to comply with environmental laws and regulations. Finally, TCU asserts that its proposed increased rates are required in order to insure its financial integrity and to continue to provide reasonable and adequate service.

9. TCU proposed that the appropriate test year upon which to consider its requested increase is the twelve month period ending

6. Because TCU's presently approved sewer rates provide a \$14.00 flat rate, regardless of single-family equivalency, Tega Cay Clubhouse and Tega Cay Marina have been paying \$14.00 per month.

April 30, 1990.

10. Under its presently approved rates, the Company states that its operating revenues for the test year, after accounting and pro forma adjustments, were \$404,494.⁷ The Company seeks an increase in its rates and charges for water and sewer service in a manner which would increase its operating revenues by \$491,716. Staff agreed with the Company's revenue figures.

The Consumer Advocate and the City contend that the Company's test year water consumption figures were substantially lower than the consumption rates for calendar years 1987, 1988, and 1990.⁸ Witness Miller admits that the sales for the test year were lower due to the effect of Hurricane Hugo, but contends that since the Company did not attempt to quantify the effect of the hurricane or to provide further explanation for the lower consumption rate, the Commission should deny the rate increase.

In its responses to the Consumer Advocate's interrogatories and at the hearing, TCU conceded it had no explanation as to why the test year consumption figures were lower than the 1987, 1988, and 1990 calendar year consumptions. TCU contended, however, that it did not operate the utility until November 1988. Nonetheless, Witness Oppel testified that there was a severe drought in 1987 and

7. Unless otherwise stated, this Order will refer to the combined water and sewer revenues and expenses of the Company.

8. The test year water sales volumes were 89,815,134 gallons. The 1987 sales and 1988 sales volumes were 90,025,000 gallons and 91,190,000 gallons, respectively. The 1990 sales volumes, which included four months of the test year, were 104,010,000 gallons.

1988 and that he could speculate that water consumption increased during this time. Witness Oppel also testified that more customers were added to the system in 1990 and that their addition increased water consumption. Oppel stated that destruction from Hurricane Hugo, which occurred in the middle of the test year, precluded customers from using water and that this reduced the test year sales figures.

11. The Company asserts that under its presently approved rates, its operating expenses for the test year, after accounting and pro forma adjustments, were \$757,298. The Staff concludes that the Company's operating expenses for the test year, after accounting and pro forma adjustments, were \$639,654. The Staff made this proposal after making the following adjustments to the Company's expense accounts:

(A) Purchased Power

Staff reviewed the test year electric bill received by Tega Cay Clubhouse. After determining that both TCU and Tega Cay Recreation conducted administrative business from the Tega Cay Clubhouse, Staff concluded that only 1.73% of the electric bill should be allocated to TCU. Staff based this determination on the amount of space used by the administrative personnel (5.58% of a 30,000 square foot building) and on the percentage of time the administrative personnel spent on TCU business 31%. Accordingly, Staff's adjustment reduced TCU's electric expense by \$14,339.

(B) Tap Fee Costs

Staff proposed to remove the maintenance costs associated with

tap fee costs from the Company's expenses on the ground that tap fees should have been capitalized as plant in service. This adjustment had the effect of reducing Company's operating expenses by \$9,035. The Company did not make this adjustment.

(C) Computer Expenses

Staff proposed to capitalize the upgrading of the network board on Company's computer instead of placing the cost in Company's operating expenses. Staff concluded that the upgrade prolonged the useful life of the computer. This adjustment reduced Company's operating expenses by \$1,624. Company did not make this adjustment.

(D) Gross Receipts Tax

Based on total proposed revenues, the Company proposed to adjust its regulatory expenses by \$44,550 to reflect a 5% gross receipts tax to be imposed by the City. Staff proposed not to make this adjustment. Staff determined that this tax had not been levied by the City and, therefore, that it should not be charged as an expense. At the hearing, witness Oppel testified he would waive the regulatory tax as an expense if the City agreed not to impose the tax. The City Mayor, Edgar Weaver, testified that the City had not charged TCU a gross receipts tax and that the City did not have a gross receipts tax on its books.

(E) Uncollectible Accounts

Staff proposed to reduce Company's uncollectible expense to 1% of its service revenues. Company had included 5% of its service revenues as uncollectibles. Staff's adjustment reduced Company's

expenses by \$17,783.

(F) Telephone Expenses

During its audit Staff determined that one telephone bill received by Tega Cay Clubhouse was allocated in such a way that Tega Cay Recreation paid for \$250.00 of the monthly bill and TCU paid the balance. Staff proposed that TCU and Tega Cay Recreation divide the telephone bill evenly. This proposal reduced TCU's telephone expense by \$3,864. Company did not make this adjustment.

(G) Long-Term Interest

TCU assumed a \$500,000 loan upon its purchase of the utility in November 1988. Later, TCU obtained a \$1,000,000 loan to construct an additional sewer treatment plant and outfall lines. Staff proposed to adjust the Company's interest expense to reflect the terms of these notes which provide an adjustable rate of the prime rate plus 1%. Staff's adjustment reduced TCU's long-term debt expense by \$27,640. Staff witness Maready testified that interest on the \$1,000,000 loan was allowable even though the sewer treatment plant constructed with the loan proceeds was not yet in service because interest expense on plant held for future use is an allowable expense. Maready referred to Southern Bell Telephone and Telegraph Company v. The Public Service Commission of South Carolina and Midland's Welfare Rights Organization, 270 SC 590, 244 SE2d 278 (1978). Maready also testified that if the outfall lines associated with the new plant were in use, then the interest expenses from the outfall lines should be included for ratemaking purposes.

TCU did not make an adjustment to its per book interest expense. TCU took the position that the new sewer treatment plant was presently used and useful although it was not treating sewage because its construction was required by DHEC to meet TCU's shortfall in its present capacity. Witness Oppel agreed that the new treatment plant was constructed primarily for use of future residents.

The Consumer Advocate and the City disagreed with both TCU's and the Staff's method of handling the interest on the \$1,000,000 loan. The Consumer Advocate and the City contended that the sewer treatment plant is not plant held for future use for current customers but a plant available for use for future residents of the Tega Cay development. The Consumer Advocate and the City referred to this plant as one for "excess capacity." The Consumer Advocate and the City contended the Southern Bell opinion cited by Staff is inapplicable.

In TCU's rebuttal testimony, Mr. Oppel testified that if the Commission concluded the new sewer treatment plant was not presently used and useful, the Commission should still find that the associated outfall lines are currently in use. Mr. Oppel testified that the outfall lines have been carrying wastewater since March 1, 1990, and that \$232,000 of the \$1,000,000 loan was for construction of these lines. Therefore, Mr. Oppel testified that the Commission should, at the very least, allow TCU interest expense on \$232,000 of the loan.

(H) Depreciation Expense

Staff proposed to adjust TCU's depreciation expense to reflect straight line depreciation rates instead of the depreciation rates recorded on the Company's books for tax purposes. Staff further proposed to exclude the new sewer plant and outfall lines from depreciation because they were not part of TCU's plant as of the end of the test year. Staff's adjustment reduced TCU's depreciation expense by \$48,144.

While testifying, Company witness Berman conceded that the Staff's adjustment for use of straight line depreciation was proper. Witness Berman testified, however, that depreciation on the new sewer treatment plant should be permitted. In keeping with his rebuttal testimony on the treatment plant and outfall lines, witness Oppel testified that the Commission should at least allow depreciation expense on the outfall lines.

In keeping with their opinions that the new sewer treatment plant is for excess capacity, the Consumer Advocate and the City contend that depreciation for the plant should be excluded. The Consumer Advocate and the City express no opinion in regard to depreciation on the outfall lines.

(I) Administrative Salary Expenses

The Company proposed a 5% adjustment to TCU's administrative salaries due to the employees' additional workload. Staff accepted this proposal. Staff witness Maready testified that during his audit of TCU, he observed the administrative employees and found them to be professional.

The Consumer Advocate and the City contended that the current test year salaries of \$95,690 for the administrative employees were excessive and that the 5% adjustment to these salaries should be disallowed.⁹ The Consumer Advocate also argued that TCU failed to provide evidence documenting the allocation of its administrative salaries among the TCU affiliated companies.

Company witness Oppel testified that TCU conducted a time-motion study to determine the percentage of time each of the administrative employees devoted to TCU activities. According to Oppel, he spent 30% of his time as President of TCU on TCU activities and that the receptionist spent 20% of her time performing activities for TCU. Oppel explained that 80% of one employee's time was spent on billing, payment collections, tap fee collections and other paperwork for TCU, and that three (3) employees prepared the payroll and financial statements and made cash disbursements to suppliers. Oppel testified that Estes, the plant manager, worked solely for TCU.

(J) Rate Case Expenses

Staff and the Company proposed to increase TCU's per book figure by \$15,000 to recognize a three-year amortization of the \$45,000 expense for professional fees for the current rate case. At the hearing, the Company submitted \$47,858.74 in rate case expenses. Hearing Exhibit 8. Consumer Advocate witness Miller

9. The \$95,690 in administrative salaries include 80% of Herman Estes' \$32,500 salary. Twenty percent of Estes salary is included in the Company's operating and maintenance expenses.

agreed that the actual rate case expenses should be amortized over a three-year period.

(K) Customer Growth

Company proposed an adjustment to its per book figures for customer growth of \$19,660. Staff did not make an adjustment for customer growth since it determined that TCU's Net Operating Income was negative.

The Company also proposed that its number of customers would grow by 54 by the end of the year following the test year. Company's formula utilized its proposed revenues but did not consider the consequent growth in operating expenses and taxes. Staff proposed to account for customer growth after the proposed increase by using a computation of average customers during the test year multiplied by net operating income. Staff's adjustment increased Company's net operating income by \$3,528.

(L) Unaccounted for Water

During the hearing, TCU witness Oppel agreed that the Company had unintentionally provided the Consumer Advocate with incorrect data concerning the percentage of TCU's unaccounted for water during calendar years 1989 and 1990. Oppel stated he agreed that the unaccounted for water for 1989 was 14.1% and for 1990 was 15.4%. Witness Oppel explained that, in his opinion, some of the lost water was not "unaccounted for." Witness Oppel testified that more customers were added to the TCU system in 1989 and 1990 and that their addition necessitated increased flushing of the lines. He also testified that 262,440 gallons of the "unaccounted for"

water had been used to fill two swimming pools for Tega Cay Recreation. Oppel stated that Tega Cay Recreation had not been billed for this water because the water meter had inadvertently not been operating. The Consumer Advocate argued that TCU's unaccounted for water should be limited to 7.5% of the water pumped as permitted by the Commission in Heater of Seabrook, Docket No. 90-124-W/S, Order No. 91-231 (March 1991). The Consumer Advocate recommended that the Company's corresponding expenses be reduced by \$9,798.

12. The Company stated that, after accounting and pro forma adjustments to its operating revenues and operating expenses, its net income for return was (\$333,144). Staff found that, after accounting and pro forma adjustments to the Company's operating revenues and operating expenses, the Company's net income for return was (\$235,160).

13. The Company asserted that, after accounting and pro forma adjustments, its present operating margin is (82.4%). After making its accounting and pro forma adjustments, Staff concluded that the Company's present operating margin is (58.14%).

14. The Company contends that its proposed increase in rates and charges would raise its operating margin to 8.9%. Staff concludes that the Company's proposed increase in rates and charges would increase the Company's operating margin to 18.53%. The difference in these operating margins is a result of the Company and the Staff's various adjustments to the per book operating expenses.

15. During both hearings in this matter, TCU customers expressed various complaints about the aesthetic qualities of the water supplied by TCU. Customers explained that at times the water had a sulfuric odor, was cloudy, and had a bad taste. The customers testified that water in portions of the Tega Cay subdivision was hard and stained their clothes and bathroom fixtures. Customers stated they purchased bottled water for drinking and that they purchased water softeners, water filters, and water purification systems in an attempt to improve the quality of their water. Finally, the customers stated that they had to replace their hot water heaters and other major appliances due to the water from TCU. For the most part, the customers testified that they did not oppose the Company earning a fair return on its investment, or a reasonable increase in rates, so long as the quality of the water improved.

16. Joe Ferris, a District Engineer with the South Carolina Department of Health and Environmental Control (DHEC), testified that the water provided by TCU met DHEC's standards for human consumption. He further testified that TCU operates in conformity with its water and sewer permits from DHEC.

17. City witness Mayor Edgar Weaver testified that he opposed TCU's proposal to charge the City an annual fee of \$100 per fire hydrant. He testified that the cost of the fire hydrants should either be absorbed by TCU or spread among all of TCU's ratepayers. Weaver testified that while TCU installed the fire hydrants, the City's Volunteer Fire Department maintained the hydrants at no cost

to TCU. Weaver admitted it was important to the City to have a ready supply of water to the fire hydrants.

Company witness Oppel testified there are approximately 74 fire hydrants within the City. Oppel agreed that the City Volunteer Fire Department performed routine maintenance on the hydrants but that TCU repaired leaks or broken parts. Oppel stated TCU spent \$455 to maintain the hydrants during the test year.

18. Both the City and the Consumer Advocate oppose the Company's increases to its water and sewer tap fees on the ground that the proposed fees are not based on known and measurable charges. Additionally, the Consumer Advocate urges the Commission to have TCU Development Company include the tap fees in the cost of a Tega Cay lot. Intervenor Tarulli specified that the proposed increase in water and sewer tap fees should be allowed.

TCU witness Oppel testified that the proposed tap fees were determined "with a view toward recovering both the Company's investment in having the sewer treatment and water production capacity available for use by customers and the cost to the Company of making the actual physical tap connection for water and for sewer." Oppel pre-filed testimony pps. 9-10. Oppel explained that the requested \$1200 sewer tap fee was justified because TCU had invested over \$2 million in unrecovered plant and equipment for sewer treatment. He testified that 964 sewer taps were available, thereby allowing the Company to charge in excess of \$2000 for each sewer tap in order to recover the cost of having sewer service available to TCU customers. Oppel further testified that the cost

for the physical connection of sewer taps was, on average, \$374. Oppel testified that the connection cost for the connection of a water tap was, on average, \$437 and that 964 water taps were available. Staff computed the unrecovered water plant and equipment at \$281,347. Hearing Exhibit 14.

19. The Consumer Advocate and the City recommend that the Commission encourage TCU to investigate alternative sources of water. Additionally, the City recommends that the Commission order TCU to conduct an infiltration/inflo study and water audit and report the results to the Commission.

CONCLUSIONS OF LAW

1. The Company is a water and sewer utility providing water service in its service area within South Carolina. The Company's operations in South Carolina are subject to the jurisdiction of the Commission pursuant to Section 58-5-10, et seq. (1976).

2. A fundamental principle of the ratemaking process is the establishment of a historical test year as the basis for calculating a utility's revenues and expenses and, consequently, the validity of the utility's requested rate increase. While the Commission considers a utility's proposed rate increase based upon occurrences within the test year, the Commission will also consider adjustments for any known and measurable out-of-test-year changes in expenses, revenues, and investments and will also consider adjustments for any unusual situations which occurred in the test year. See, Parker v. South Carolina Public Service Commission, 280 S.C. 310, 313 S.E.2d 290 (1984), citing City of Pittsburgh v.

Pennsylvania Public Utility Commission, 187 Pa.Super. 341, 144 A.2d 648 (1958); Southern Bell v. The Public Service Commission, 270 S.C. 590, 244 S.E.2d 278 (1978).

In light of the fact that the Company proposes that the twelve-month period ending April 1990 is the appropriate test year and Staff has audited the Company's books for that test year, the Commission concludes that the twelve-month period ending April 1990, is the appropriate test year for the purposes of this rate request.

3. The Commission accepts the service revenues with pro forma and accounting adjustments as proposed by both the Company and Staff. The Commission has seriously considered the Consumer Advocate and the City's motion to, at the very least, adjust the Company's test year revenues to more accurately reflect the usual water sales volumes of TCU. Nonetheless, the Commission finds that the difference between the test year sales volumes and the sales volumes of 1987, 1988, and 1990 is not so unusual as to necessitate an adjustment for the difference.¹⁰ Accordingly, the Commission finds that the appropriate service revenues for the Company for the test year under the present rates and after accounting and pro forma adjustments are \$400,083.

4. The Commission has considered each of the pro forma and accounting adjustments to the Company's operating expenses proposed by the Company, the Consumer Advocate, the City, and Staff. The

10. The difference between the average sales volumes of 1987, 1988, and 1990 and the test year sales volumes is less than 1%.

Commission approves or disapproves each of the proposed adjustments as follows:

(A) Purchased Power

The Commission concludes that Staff's proposed adjustment to the Company's purchased power bill based on space used and time spent on TCU business is appropriate. Therefore, the Commission adopts Staff's proposal to reduce TCU's test year electric expense by \$14,339.

(B) Tap Fee Costs

The Commission regularly disallows tap fee revenues to be included in a utility's service revenues for ratemaking purposes and instead requires that tap fees be capitalized. Accordingly, the Commission finds that Staff's proposal to remove the maintenance costs associated with the tap fee costs from the Company's expense is appropriate. The Commission adopts Staff's proposal to reduce TCU's operating expenses by \$9,035.

(C) Computer Expenses

The Commission accepts Staff's proposal to capitalize the Company's upgrading of its computer. The Commission finds that the upgrade prolonged the useful life of the computer and, therefore, the expense should have been capitalized. This adjustment reduced TCU's operating expenses by \$1,624.

(D) Gross Receipts Tax

The Commission accepts the Consumer Advocate's, the City's, and Staff's proposal to disallow the expense for the gross receipts tax. It is apparent from the record in this matter that no such

gross receipts tax has been imposed on the Company and, accordingly, this cost should not be included in the Company's expenses for ratemaking purposes. However, should the City assess a gross receipts tax against the Company, then the Company may impose the tax on its ratepayers as a separate line item on its bill.

(E) Uncollectible Accounts

The Commission typically limits a utility's expense for uncollectibles to 1% of its service revenues. In keeping with this policy, the Commission accepts Staff's proposal to reduce the Company's uncollectible expense to 1% of its service revenues. This adjustment reduces the Company's expenses by \$17,783. Patton v. South Carolina Public Service Commission, 280 S.C. 288, 312 S.E.2d 257 (1984).

(F) Telephone Expenses

The Commission adopts Staff's proposal to allocate the telephone bill received by Tega Cay Clubhouse evenly between Tega Cay Recreation and TCU. The Commission finds that the Company's handling of the allocation placed a disproportionate burden of the expense on its ratepayers. This adjustment reduces the Company's expenses by \$3,864.

(G) Long-Term Interest

The Commission has considered each of the parties' proposals in regard to the long-term interest on TCU's \$500,000 and \$1,000,000 outstanding loans. In light of the fact that no party objected to the Company's interest expense for the \$500,000 loan,

the Commission adopts Staff's proposal to allow interest on this loan at the rate of 10%.¹¹ This 10% interest rate is in keeping with the terms of TCU's notes.

Furthermore, based upon the South Carolina Supreme Court's directive in Southern Bell Telephone and Telegraph Company v. The Public Service Commission of South Carolina, supra, the Commission has made a factual determination regarding the utility purpose of the new sewer treatment plant and the outfall lines. The Commission finds that the outfall lines constructed with \$232,000 of the proceeds from the \$1,000,000 loan are a useful part of the TCU sewer treatment system. Accordingly, the Commission finds that the interest on the \$232,000 loan at 10% should be allowed as an expense for ratemaking purposes.

On the other hand, on the basis of the record before it, the Commission concludes that the new sewer treatment plant was constructed to meet the needs of future development in Tega Cay and, therefore, constitutes excess capacity at the present time. According to Mr. Oppel's rebuttal testimony, treatment plant #2 has 16 remaining taps and plant #3 has 230 remaining taps. Accordingly, the current existing capacity in plants 2 and 3 is sufficient for serving Tega Cay's present development. Further, as explained by Mr. Oppel, DHEC guidelines required the construction of the new sewer treatment plant before Tega Cay could undergo

11. At the hearing, witness Oppel testified that as of March 25, 1991, the prime rate was 9%. Hearing Exhibit 14 also indicates that as of March 25, 1991, the prime rate was 9%.

further development. See, Piedmont Utilities Corp., Order No. 84-707, Docket No. 83-499-S (Sept. 1984). Although fully constructed and ready to be put in service, the Commission finds that the plant is actually a reserve for use by future Tega Cay development. Therefore, the Commission denies any interest expense on the remaining \$768,000 of the \$1,000,000 loan attributable to the new sewer treatment plant.

The Commission notes that the net effect of these interest adjustments reduces Company's per book expenses by \$104,440.

(H) Depreciation Expense

The Commission accepts Staff's proposal to determine the depreciation on Company's plant based on the straight line method. The Commission notes the Company's witness agreed to this proposal at the hearing. Furthermore, in keeping with its treatment of long-term interest expense for the new sewer treatment plant, the Commission accepts Company's proposal to depreciate the outfall lines and accepts the Consumer Advocate's and the City's proposal to disallow depreciation on the plant itself. These adjustments have the net effect of reducing the Company's per book depreciation expense by \$42,344.

(I) Administrative Salary Expense

The Commission has paid considerable attention to TCU's relationship with its sister companies, particularly in regard to the allocation of administrative salaries. While an in-house conducted time-motion study is not the most objective manner in which to determine the amount of time an employee spends performing

functions for a certain employer, the Commission concludes that the Company's allocation of time for less than two full-time employee equivalents is reasonable in consideration of the administrative, management, and bookkeeping skills necessary to operate a utility with approximately 1,200 customers. Moreover, the Commission concludes that the average annual administrative salary of \$40,256,¹² which includes fringe benefits, is fair and reasonable. After considering the noted professionalism of TCU's administrative employees, the Commission accepts the per book salaries of TCU's administrative personnel and the 5% adjustment.¹³

(J) Rate Case Expenses

The Commission accepts the Company's and Staff's proposals to amortize the professional expenses associated with the current rate case over a three year period. Although Company submitted expenses totaling \$47,858.74, the Commission notes that Company only proposed that \$45,000 be amortized over a three year period.

(K) Customer Growth

The Commission adopts Staff's proposal both as to customer growth before the proposed rate increase and after the proposed rate increase. The Commission has uniformly not made an adjustment

12. The average administrative salary was determined by reducing the adjusted administrative salary expense by \$26,000, which was the amount of Mr. Estes' salary included in administrative salaries, and thereafter, dividing the actual salaries by the stated employee equivalent of 1.85.

13. The Commission notes that in future proceedings involving TCU, it will pay particular attention to the manner in which salaries are allocated among utility and non-utility operations.

for customer growth when the per book net operating income is negative, as in this case. Moreover, in calculating customer growth after the proposed increase, the Company estimated it would serve 54 more customers during the twelve months following the test year. Staff, on the other hand, computed customer growth based on the Commission's customer growth formula.¹⁴

(L) Unaccounted for Water

Although the Commission agrees that the unaccounted for water percentage is high, the Commission concludes the percentage is not unreasonable. The Commission notes that part of the "uncollected for" water is attributable to TCU's frequent flushing off of the water lines in an effort to improve the quality of the ratepayers' water.

Moreover, the Commission concludes that the 7.5% of unaccounted for water allowed in Heater of Seabrook, supra, should not be used in this proceeding. In calculating the 7.5% water ratio in Heater of Seabrook, the Commission considered the percentage of unaccounted for water in a comparable water utility. Here, the Consumer Advocate and the City have not offered the Commission a comparison of water utilities which have characteristics similar to TCU. Further, unlike Heater of Seabrook which purchased its water from a water wholesaler, TCU

14. $\frac{\text{End of Period Customers} - \text{Avg. Customers}}{\text{Avg. Customers}} = \text{Growth Factor}$

$\text{Growth Factor} \times \text{Net Operating Income} = \text{Effect of Customer Growth}$

pumps its water from wells.

(M) Miscellaneous and Other Adjustments

The Commission adopts all other pro forma and accounting adjustments proposed by Staff and not objected to by any party. All other adjustments proposed by various parties not specifically addressed herein have been considered by the Commission and have been denied. The Commission has also adjusted all general, state, and federal taxes to reflect all other approved adjustments.

5. Based on the above determinations concerning the accounting and pro forma adjustments to the Company's revenues and expenses, the Commission concludes that net income (loss) for return is as follows:

TABLE A
NET INCOME FOR RETURN

BEFORE RATE INCREASE

Operating Revenues	\$404,494
Operating Expenses	568,654
Net Operating Income (Loss)	(\$164,160)
Customer Growth	-0-
Net Income (Loss) for Return	(\$164,160)

6. Under the guidelines established in the decisions of Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923), and Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944), this Commission does not ensure through regulation that a utility will produce net revenues. As the United States Supreme Court noted in Hope, a utility "has no constitutional rights to profits such as

are realized or anticipated in highly profitable enterprises or speculative ventures." However, employing fair and enlightened judgment and giving consideration to all relevant facts, the Commission should establish rates which will produce revenues "sufficient to assure confidence in the financial soundness of the utility and . . . that are adequate under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties." Bluefield, supra, at 692-693.

7. There is no statutory authority prescribing the method which this Commission must utilize to determine the lawfulness of the rates of a public utility. For a water and sewer utility whose rate base has been substantially reduced by customer donations, tap fees, contributions in aid of construction, and book value in excess of investment, the Commission may decide to use the "operating ratio" and/or "operating margin" method for determining just and reasonable rates. The operating ratio is the percentage obtained by dividing total operating expenses by operating revenues; the operating margin is determined by dividing the net operating income for return by the total operating revenues of the utility. This method was recognized as an acceptable guide for ratemaking purposes in Patton, supra.

The Commission concludes that use of the operating margin is appropriate in this case. Based on the Company's gross revenues for the test year, after accounting and pro forma adjustments under the presently approved schedules, the Company's operating expenses

for the test year, after accounting and pro forma adjustments, and customer growth, the Company's present operating margin (loss) is as follows:

TABLE B
OPERATING MARGIN

BEFORE RATE INCREASE

Operating Revenues	\$404,494
Operating Expenses	568,654
Net Operating Income (Loss)	(\$164,160)
Customer Growth	-0-
Total Income for Return	(\$164,160)
Operating Margin (Loss)	(40.58%)

8. The Commission is mindful of the standards delineated in the Bluefield decision and of the need to balance the respective interests of the Company and of the consumer. It is incumbent upon this Commission to consider not only the revenue requirements of the Company but also the proposed price for the water and sewer service, the quality of the water and sewer service, and the effect of the proposed rates upon the consumer. See, Seabrook Island Property Owners Ass. v. S. C. Public Service Commission, __S.C.__, 401 SE2d 672 (1991); S.C. Code Ann. §58-5-290 (1976).

9. The three fundamental criteria of a sound rate structure have been characterized as follows:

...(a) the revenue-requirement or financial-need objective, which takes the form of a fair return standard with respect to private utility companies; (b) the fair-cost apportionment objective which invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service; and (c) the optimum-use or consumer rationing under which the rates are designed to discourage the wasteful use of public

utility services while promoting all use that is economically justified in view of the relationships between costs incurred and benefits received.

Bonbright, Principles of Public Utility Rates (1961), p. 292.

10. Based on the considerations enunciated in Bluefield and Seabrook Island and on the fundamental criteria of a sound rate structure as stated in Principles of Public Utility Rates, the Commission determines that the Company should have the opportunity to earn a 3.34% operating margin. In order to have a reasonable opportunity to earn a 3.34% operating margin, the Company will need to produce \$594,554 in total annual operating revenues.

TABLE C
OPERATING MARGIN

AFTER RATE INCREASE

Operating Revenues	\$594,554
Operating Expenses	575,109
Net Operating Income	\$ 19,445
Customer Growth	422
Total Income for Return	\$ 19,867
Operating Margin (After Interest)	3.34%

11. The Commission has carefully considered the financial needs of the Company and the concerns of its customers. While the Commission recognizes that the Company is currently operating with a negative operating margin, the Commission also recognizes many of TCU's customers are dissatisfied with the quality of the water they are presently receiving. While acknowledging that the Company has made some attempt at alleviating the difficulties with the water quality by frequently flushing the lines, the Commission

nonetheless finds that the Company could expend greater effort in correcting the aesthetic quality of its water product.

Further, the Commission recognizes that a \$5.00 monthly increase in the Basic Facility Charge and a \$2.00 per 1,000 gallon increase in a usage charge, as proposed by TCU, would increase an average residential customer's monthly water bill by 115%. Similarly, TCU's proposal to increase its sewer rates from a flat rate of \$14.00 per month to \$31.00 per month would increase a residential customer's sewer bill by 121% per month.

12. On the other hand, the Commission recognizes that the Company's ratepayers have not had their water and sewer rates increased since 1984. Moreover, the Commission is cognizant of the fact that basic expenses have increased with time. Finally, the Commission notes that the Company has made \$232,000 worth of capital improvements to its sewage treatment facilities which directly benefit its current ratepayers.

13. The Commission concludes that an increase in Company's water and sewer rates is necessary. However, the Commission finds that Company's proposed increase is inappropriate. Accordingly, the Commission will not allow the Company to increase its Basic Facility Charge, but will allow the Company to increase its commodity charge from \$1.50 to \$2.50 per 1,000 gallons. If the customer's equivalency rating is greater than one (1), then the monthly basic facility charge may be multiplied by the equivalency rating. The Commission approves the Company's proposed \$40.00 reconnection fee and \$30.00 customer account charge as reasonable.

26 S. C. Regs. Ann. 103-732(5)(1976).

The Commission finds that the \$600 proposed tap fee for water service is justified by the record. In fact, the Commission recognizes that according to the calculation used to determine the maximum tap fee,¹⁵ the Company could have proposed a greater fee. The Commission hereby approves a \$600 tap fee per single-family equivalent for water service.

14. The Commission approves TCU's proposal to charge the City \$100.00 per fire hydrant per year for water service payable in advance. Additionally, the Commission approves TCU's proposal to have water from the fire hydrants metered and to charge the approved commodity rate of \$2.50 per 1,000 gallons.

The Commission is approving these charges on the grounds that TCU is responsible for the upkeep and maintenance of the fire hydrants and, moreover, it is in the City's best interest to have ready access to water from the fire hydrants.

15. The Commission approves a flat rate of \$20.00 per month for a residential sewer charge and \$20.00 per month per single-family equivalent for a commercial customer. The Commission also approves the \$15.00 notification fee and \$20.00 customer account charge. If, however, a customer is a water and sewer customer, the \$20.00 sewer customer account charge will be waived. Additionally, the Commission finds that the record justifies a

15. The tap fee calculation is as follows:

Net Production Plant divided by Remaining # of Taps +
Physical Connection Charge = Maximum Tap Fee

sewer tap fee of \$1,200.00 per single-family equivalent. Finally, the Commission notes that the \$250.00 sewer reconnection fee is set by statute and, therefore, it approves the proposed sewer reconnection fee. 26 S.C. Regs. 103-532.4 (Supp. 1990).

16. The Commission has considered the Consumer Advocate's and the City's recommendation that it encourage the Company to investigate alternative water supplies. The Commission concludes that TCU has been investigating alternative water supplies. The Commission encourages the Company to continue with this investigation.

17. The Commission has considered the City's recommendation to order an infiltration/inflo study and water audit. In recognition of the considerable expense involved in performing an infiltration/inflo study, the Commission declines to order such a study. The Commission, however, will require the Company to perform a water audit and to investigate the feasibility of the metering of the Tega Cay Recreation swimming pools. The results of these audits shall be reported to the Commission.

18. The Commission approves and requires the Company to comply with the Toxic and Pretreatment Effluent Guidelines as stated in Appendix A. Additionally, the Commission requires the Company to comply with the minimum equivalency ratings as stated in Appendix A.

19. Based on the above considerations and reasoning, the Commission hereby approves the proposed rates and charges as stated in this Order as a just and reasonable manner in which to produce

and distribute the increased revenues which are necessary to provide the opportunity to earn the approved operating margin.

20. Accordingly, it is ordered that the rates and charges attached on Appendix A are approved for service rendered on or after the date of this Order. The schedule is hereby deemed to be filed with the Commission pursuant to S.C. Code Ann. §58-5-240 (1976).

21. It is ordered that if the approved schedule is not placed in effect until three (3) months after the effective date of this Order, the approved schedule shall not be charged without written permission of the Commission.

22. It is further ordered that the Company maintain its books and records for water operations in accordance with the NARUC Uniform System of Accounts for Class A and B for Water and Sewer Utilities, as adopted by this Commission.

23. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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RATES AND CHARGES

I. WATER

1. MONTHLY CHARGES

- a. Basic Facility Charge \$ 6.00 per single- family
equivalent unit

PLUS

- b. Commodity Charge \$2.50 per 1,000 gallons
(Usage)

- c. The basic facility charge is a minimum charge per unit and shall apply even if the equivalency rating is less than one(1). If the equivalency rating is greater than one(1), then the monthly basic facility charge may be obtained by multiplying the equivalency rating by the basic facility charge of \$ 6.00.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units served through such meter will be averaged; a bill will be calculated based on the average plus the addition of the basic facility charge per unit and the result multiplied by the number of units served by a single meter.

2. NONRECURRING CHARGES

- a. Tap fee includes a water service connection charge and capacity fee \$600.00
per single-family equivalent***

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The nonrecurring charges listed above are minimum charges and apply even if the equivalency is less than one. If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for and/or initial connection to the water system is requested.

(**Unless prohibited by contract approved by South Carolina Public Service Commission.)

3. RECONNECTIONS AND ACCOUNT SET UP CHARGES

- a. Water reconnection fee \$40.00
- b. Customer account charges \$30.00
(One-time fee to be charged
to each new account to defray
cost of initiating service)

4. OTHER SERVICES

- a. Fire Hydrant - One Hundred (\$100.00) per hydrant per year for water service payable in advance. Any water used should be metered and the commodity charge in Section One (1) above will apply to such usage.

II. SEWER RATE SCHEDULE

1. MONTHLY CHARGES

- a. Residential - Monthly charge per single-family house, condominium, villa or apartment unit \$20.00
- b. Commercial - Monthly charge per single-family equivalent \$20.00
- c. The monthly charges listed above are minimum charges and shall apply even if the equivalency is less than one (1). If the equivalency is greater than one (1), then the monthly charges may be calculated by multiplying the equivalency rating by the monthly charge of \$20.00.

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Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

2. NONRECURRING CHARGES

- a. Tap fees (which include sewer service connection charges and capacity charges) \$1,200.00
- b. The nonrecurring charges listed above are minimum and apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES

- a. Notification Fee: A fee of \$15.00 shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R.103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customer creating the cost.
- b. Customer Account Charge: A fee of \$20.00 shall be charged as a one-time fee to defray the cost of initiating service. This charge will be waived if the customer is also a water customer.
- c. Reconnection Charges: In addition to any charges that may be due, a reconnection fee of \$250.00 shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. The amount of the reconnection fee shall be in accordance with R.103.532.4 and shall be charged to conform with said rule, as the rule is amended from time to time.

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III. GENERAL PROVISIONS

1. BILLING CYCLE

Recurring charges will be billed monthly in arrears. Nonrecurring charges may be billed and collected in advance of service being provided.

2. LATE PAYMENT CHARGES

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half (1 1/2%) percent each month (or any part of a month) said balance remains unpaid.

3. TAX MULTIPLIER

Except as otherwise provided by contract approved by the South Carolina Public Service Commission, amounts paid or transferred to the Utility by the customers, builders, developers or others, either in the form of cash or property, shall be increased by a cash payment in an amount equal to the income taxes owed on the cash or property transferred to the Utility by the customers, builders, developers or others, and properly classified as a contribution or advance in aid of construction in accordance with the uniform system of accounts. Included in this classification are tap fees.

4. TOXIC AND PRETREATMENT EFFLUENT GUIDELINES

The utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DEHC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR § § 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR § § 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damage and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

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5. LANDLORD/TENANT RELATIONSHIP

In the case of a landlord/tenant relationship where the tenant is the customer, the Utility may require the landlord to execute an agreement wherein such landlord agrees to be responsible for all charges billed to the premises in accordance with the approved tariffs and the Rules of the Commission, and said account shall be considered the landlord's and tenant's account. In the event the landlord refuses to execute such an agreement, the Utility may not discontinue service to the premises unless and until the tenant becomes delinquent on his account or until the premises are vacated. The Utility may discontinue service pursuant to R.103-535.1 if the account is delinquent or may discontinue service at the time the premises are vacated, and the Utility shall not be required to furnish service thereafter to the premises until the landlord has executed the agreement, and paid the reconnection charges.

6. CONSTRUCTION STANDARDS

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the water or sewer systems.

7. SINGLE FAMILY EQUIVALENT

The list set forth below establishes the minimum equivalency rating for commercial customers applying for or receiving sewer service from the Utility. Where the Utility has reason to suspect that a person or entity is exceeding design loading established by the South Carolina Pollution Control Authority in a publication called "Guidelines for Unit Contributory Loading to Wastewater Treatment Facilities" (1972), as may be amended from time to time or as may be set forth in any successor publication, the Utility shall have the right to request and receive water usage records from the provider of water to such person or entity. Also, the Utility shall have the right to conduct an "on premises" inspection of the customer's premises. If it is determined that the actual flows or loadings are greater than the design flows or loadings, then the Utility shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

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TYPE OF ESTABLISHMENT		EQUIVALENCY RATING
1.	Airport	
	(a) Each Employee.....	.025
	(b) Each Passenger.....	.0125
2.	Apartments.....	1.0
3.	Bars	
	(a) Each Employee.....	.025
	(b) Each Seat (Excluding Restaurant).....	.1
4.	Boarding House (Per Resident).....	.125
5.	Bowling Alley	
	(a) Per Lane (No Restaurant).....	.3125
	(b) Additional for Bars and Cocktail Lounges (Per Seat or Person).....	.0075
6.	Camps	
	(a) Resort (Luxury) (Per Person).....	.25
	(b) Summer (Per Person).....	.125
	(c) Day (With Central Bathhouse) (Per Person)	.0875
	(d) Per Travel Trailer Site.....	.4375
7.	Churches (Per Seat).....	.0075
8.	Clinics	
	(a) Per Staff.....	.0375
	(b) Per Patient.....	.0125
9.	Country Club (Each Member).....	.125
10.	Factories	
	(a) Each Employee (No Showers).....	.0625
	(b) Each Employee (With Showers).....	.0875
	(c) Each Employee (With Kitchen Facilities).	.1
11.	Fairgrounds (Per Person Based on Average Attendance).....	.0125
12.	Food Service Operations	
	(a) Ordinary Restaurant (Up to 12 Hours) (Per Seat).....	.175
	(b) Over 12 Hour Restaurant (Per Seat).....	.25
	(c) Curb Service (Drive in) (Per Seat).....	.25
	(d) Vending Machine Restaurant (Per Person).	.175
13.	Hospitals	
	(a) Per Bed.....	.5
	(b) Per Resident Staff.....	.25

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14.	Hotels (Per Bedroom - No Restaurant).....	.25
15.	Institutions (Per Resident).....	.25
16.	Laundries (Self Service - Per Machine).....	1.0
17.	Mobile Homes.....	1.0
18.	Motels (Per Unit - No Restaurant).....	.25
19.	Nursing Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
20.	Offices (Per Person - No Restaurant).....	.0625
21.	Picnic Parks (Average Daily Attendance)	
	(Per Person).....	.025
22.	Residences (Single Family).....	1.0
23.	Rest Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
24.	Schools	
	(a) Per Person (No Showers, Gym, Cafeteria)	.025
	(b) Per Person With Cafeteria	
	(No Gym, Shower).....	.0375
	(c) Per Person With Cafeteria, Gym & Shower.	.05
25.	Service Stations	
	(a) Each Car Served (Per Day).....	.025
	(b) Each Car Washed (Per Day).....	.1875
	(c) First Bay.....	2.5
	(d) Each Additional Bay.....	1.25
26.	Shopping Centers (Per 1,000 sq. ft. Space- No Restaurants).....	.5
27.	Stadiums (Per Seat - No Restaurants).....	.005
28.	Swimming Pools (Per Person With Sanitary Facilities and Showers).....	.025
29.	Theatres	
	(a) Drive in (Per Stall).....	.0125
	(b) Indoor (Per Seat).....	.0125